

A Celebration of Integrity:

A Special First Anniversary Report of the Office of Executive Inspector General for the Agencies of the Illinois Governor

December 9, 2004



Ethics | Integrity | Illinois

Z. Scott
Executive Inspector General

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the Office of the Executive Inspector
General for the Agencies of the Illinois
Governor.



Welcome from the Executive Inspector General

To the Citizens of Illinois:

On December 9, 2003, Governor Rod Blagojevich signed into law the State Officials and Employees Ethics Act (“the Ethics Act”). The Ethics Act was the most comprehensive piece of ethics reform legislation passed into Illinois law in decades. This new Ethics Act not only outlined clear ethical rules and guidelines for state employees and state contractors to follow, it also created comprehensive enforcement mechanisms.

One of the enforcement mechanisms the Ethics Act created was the fully independent Offices of the Executive Inspectors General, one each for each of the constitutional officers in the executive branch. The largest of these offices is our office, the Office of Executive Inspector General for the Agencies of the Illinois Governor (“the OEIG”). The OEIG has jurisdiction over approximately 120,000 state employees, including all 40 agencies under the Governor, the Lieutenant Governor, over 300 boards and commissions, and all nine of the public state university systems.

The OEIG not only conducts hundreds of investigations each year, we also provide ethics training to the over 120,000 state employees under the Governor and the university systems, as well as staff a toll-free Ethics Hotline and provide guidance and support to agencies on a variety of ethical issues.

In celebration of the first anniversary of the State Officials and Employees Ethics Act, the OEIG has issued this special report that summarizes our accomplishments since our doors opened in May of 2003. We are grateful for the commitment and tremendous support we have received from the Office of the Governor and the Agency directors. I hope this report gives you a picture of the important role our office plays in promoting and protecting the integrity of our state government for the citizens of Illinois.

Sincerely,
Z. Scott
Executive Inspector General





Mission of OEIG

The mission of the Office of Executive Inspector General for the Agencies of the Illinois Governor (“the OEIG”) is to maintain the **highest standards** of ethical behavior in State government. The OEIG is dedicated to fostering and enhancing **public trust** in State government by ensuring **honesty, integrity and accountability**. Toward that end, the OEIG works to **identify, detect, eliminate and prevent waste, fraud, abuse and corruption** by employees of, and those who do business with, the agencies, boards and commissions that report to the Governor, the Office of the Lieutenant Governor, and the public university systems.

The OEIG

The Office of Executive Inspector for the Agencies of the Illinois Governor (“OEIG”) is a **completely independent and non-partisan office** that is empowered to conduct investigations of any reported allegations of fraud, waste, abuse, mismanagement, misconduct, nonfeasance, misfeasance, malfeasance, or any violations of the Ethics Act or other related laws and rules. The OEIG has jurisdiction over the Governor, the Lieutenant Governor, and officials, employees and appointees of all agencies, boards and commissions under the Governor as well as the nine public university systems.

While the OEIG is not allowed under state law to accept anonymous complaints, the OEIG can accept **confidential complaints** and will keep the identity of the person who files the complaint confidential to the extent possible under the law. The OEIG receives many of its complaints through its **toll-free Ethics Hotline at 1-866-814-1113**.

In its investigations, the OEIG has the power to request information from any person or entity. In order to facilitate the collection of information during an investigation, the investigators of the OEIG interview witnesses, acquire documents, analyze financial records, conduct surveillance, and utilize a variety of other investigatory tools.

The OEIG has **two office locations**, one in Chicago and one in Springfield, in order to be accessible to the majority of state employees. As an independent agency within state government, the OEIG receives a separate appropriation of \$5.7 million. The staff of the OEIG has grown tremendously over the past year, up to **42 employees**, including eight attorneys and 20 investigators. The OEIG has conducted over 550 investigations since the opening of the office, has provided ethics training to over 115,000 employees, has staffed a state-wide, toll-free Ethics Hotline, and has provided ethics guidance to ethics officers, general counsel and agency directors throughout state government.



Who We Are

The Executive Inspector General and the staff of the OEIG are dedicated professionals. The OEIG is an independent office, where the EIG can hire staff, organize the office, and direct investigations as she sees fit. Under state law, the EIG and the staff of the OEIG cannot be actively involved in the affairs of any political party or political organization, nor can they participate in any campaign for political office. The EIG and the OEIG staff must follow stringent post-employment requirements, as well. The EIG is appointed by the Governor for a term of five years and can only be removed for cause.

Z. Scott, Executive Inspector General

The Executive Inspector General, Z. Scott, was original appointed by Governor Rod Blagojevich through Executive Order in April of 2003 as the first Executive Inspector General for the Agencies of the Illinois Governor. Ms. Scott has extensive investigatory and prosecutorial experience, for prior to her appointment, Ms. Scott served as Chief of the General Crimes Section in the United States Attorney's Office in the Northern District of Illinois where she worked for 16 years as an Assistant U.S. Attorney and supervisor in the Criminal Division of that office. Ms. Scott has also served as Assistant Corporation Counsel for the City of Chicago. Ms. Scott received her undergraduate degree from the University of Illinois, Champaign-Urbana, and her law degree from Indiana University School of Law. Ms. Scott was approved by the state senate in 2004 and her term as Executive Inspector General extends until June of 2008.

Management Team

Deborah Steiner, First Deputy Inspector General and Chief Operating Officer

Ms. Steiner works closely with the Executive Inspector General on policy, operations, and investigations. Prior to coming to the OEIG, Ms. Steiner served over four years as an Assistant U.S. Attorney with the Criminal Division of the U.S. Attorney's Office in the Northern District of Illinois. Ms. Steiner is a graduate of Cornell Law School and Manchester College in Indiana.

Robert O'Toole, Chief Financial Officer

As CFO, Mr. O'Toole manages procurement and budget administration for the OEIG. Mr. O'Toole is a CPA and a Certified Fraud Examiner with over 29 years of experience. His background includes public accounting at Arthur Andersen, financial and accounting positions in private industry including Chief Financial Officer positions at Ameritech/SBC, and private practice conducting financial investigations and litigation consulting services. He has a bachelors and masters degree in accounting from Western Illinois University and is a licensed public accountant in Illinois.

William Maloney, Director of Investigations

Mr. Maloney manages the investigative section of the OEIG. Prior to his coming to the OEIG, Mr. Maloney was a Supervisor and Special Agent with the U.S. Department of Treasury, Internal Revenue Service, Criminal Investigation Division where he worked for approximately 30 years. As an IRS special agent, Mr. Maloney participated in the investigation and prosecution of cases that included criminal tax violations and allegations of money laundering, fraud, asset forfeiture, public corruption and narcotics trafficking.

Patrick Pender, Deputy Director of Investigations

Mr. Pender works as a senior supervisor in the investigation section of the OEIG. Prior to joining the OEIG, Mr. Pender was a Deputy Chief of Police with the Village of Mundelein, Illinois, where he served for more than 25 years. As a command officer, Mr. Pender supervised both of the police departments Operations and Support Services Divisions. Mr. Pender is a graduate of the FBI National Academy and Northwestern University Traffic Institute – Executive Management Program.

Theodor Hengesbach, General Counsel

Mr. Hengesbach joined the OEIG after serving more than five years as an Assistant Corporation Counsel for the City of Chicago. Mr. Hengesbach also clerked for the Honorable Martin C. Ashman, U.S. Magistrate Judge for the Northern District of Illinois. Mr. Hengesbach is a graduate of Indiana University School of Law and the University of Notre Dame.

Mary Anderson, Deputy Inspector General for Policy and Legislative Affairs

Ms. Anderson joined the OEIG after serving as Senior Counsel to Governor Rod Blagojevich. Previously, Ms. Anderson was a staff attorney at Business and Professional People for the Public Interest and a Skadden Fellow at the Chicago Coalition for the Homeless. Ms. Anderson clerked for the Honorable David H. Coar, U.S. District Court Judge for the Northern District of Illinois. Ms. Anderson has a J.D. from New York University, a Masters in Public Affairs from Princeton University, and a B.A. from Swarthmore College.

Aylce Toohey, Deputy Inspector General of Investigations

Before joining the OEIG, Ms. Toohey served over four years as an Assistant U.S. Attorney in the Criminal Division of the U.S. Attorney's Office for the Northern District of Illinois. Ms. Toohey has worked as an attorney at the law firm Jenner & Block and completed a clerkship with the Honorable Joan B. Gottschall, U.S. District Court of the Northern District of Illinois. Ms. Toohey is a graduate of the University of Michigan Law School and Williams College.

David Keahl, Director of Ethics Training

Mr. Keahl is responsible for the development and implementation of ethics training sponsored by the OEIG. Prior to joining the OEIG, Mr. Keahl worked in the telecommunications industry for 27 years. During that period, Mr. Keahl directed activities related to corporate planning, accounting, finance, regulatory affairs, engineering and human resources. Mr. Keahl is a graduate of the University of Michigan.

Office of Executive Inspector General

Services

- **Ethics Hotline**

In September 2003, the OEIG instituted a **statewide, toll-free hotline (866-814-1113)** to receive complaints about fraud, waste, abuse and ethics violations by state employees and those doing business with the state, and to field ethics-related inquiries. The Hotline is open to any citizen of Illinois to call. Since its inception, **the Hotline has received nearly 3,000 calls.**

The Hotline can receive calls **24 hours a day, seven days a week**, and is staffed during regular business hours (8:30 a.m. -5:00 p.m.), Monday through Friday. If a caller leaves a message, the OEIG will return the call by the next business day. Callers who want to file a complaint can do so over the telephone or they may request that a complaint form be sent or faxed to them. If a call relates to something that is not within the OEIG's jurisdiction, the caller will be provided a referral to the most appropriate entity.



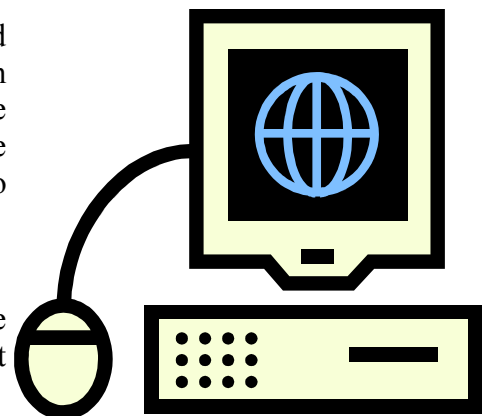
Ethics Hotline
866-814-1113

- **Web Site**

The OEIG web site has many helpful tools for state employees and public citizens. The web site contains mountains of useful information about the OEIG, including what types of cases we accept, how cases are handled, referred, or declined, what information is available about a case once it is filed, confidentiality provisions, jurisdiction, powers, and how to contact the two OEIG office locations.

Individuals can also download a complaint form from the web site with instructions on what information should be included in the complaint and where it can be sent to be filed.

The web site also includes a useful summary of the State Officials and Employees Ethics Act, the statute that created the OEIG and outlines its powers, as well as outlines the various ethical rules state employees must follow.



The OEIG web site can be found on the Internet at:

<http://www.inspectorgeneral.il.gov>

Services

- **Ethics Training**

Under the Ethics Act, all state employees are required to participate in ethics training on an annual basis. The OEIG provides oversight to this program for those entities under the Governor. This program encompasses more than 60,000 employees in 40 state agencies, more than 50,000 employees of the nine state university systems, as well as the appointees and employees of the more than 300 state boards and commissions.

In order to provide ethics training to such a large number of employees in an effective, efficient and timely manner, the annual Ethics Training is provided on the Internet through an on-line training program. The Ethics Training is an interactive program consisting of scenario-based lessons, self-assessment questions, resource references, as well as frequently asked questions and answers. The training is designed to be self-administered on a fully independent basis.

This fundamental Ethics Training program covers lessons related to:

- Acceptance of Gifts
- Political and fundraising activities
- Bribery
- Solicitation misconduct
- Official misconduct
- Conflicts of Interest

The on-line Ethics Training allows the OEIG to ensure full compliance with the Ethics Act. The Ethics Officer for each agency is actively involved in monitoring compliance of each individual employee of that agency. If at the end of a scheduled training period an employee has failed to be trained, the Ethics Officer is required to provide the OEIG with written explanation for the failure (such as the employee is on a leave of absence or is no longer employed with the state).

For 2004, the inaugural year for Ethics Training, **100 percent compliance** has been achieved for the **over 60,000 employees** of the **40 agencies under the Governor**. These employees were trained during the period of January through June, 2004. Ethics Training for the employees of the **nine university systems** began in September of 2004 and to date **over 54,000 employees** have been trained with the goal of 100 percent compliance by the end of the calendar year. In October of 2004, Ethics Training for the appointees and employees of the **over 300 boards and commissions** began and to date **over 2,500 employees and appointees** have been trained with the goal of 100 percent compliance by the end of the calendar year. Overall, **over 115,000 employees and appointees have participated in on-line Ethics Training over the past year.**



Investigative and Recommendation Process

When a citizen files a complaint with the OEIG, whether through the Ethics Hotline or through a written complaint, and the OEIG determines the complaint is within its jurisdiction, the OEIG will open an investigation and assign an investigator to lead the case.¹

During an investigation, an investigator for the OEIG has several tools at his or her disposal. The investigator may interview individuals, whether they are state employees, state contractors, or members of the general public, who may have information that is relevant to the case. The OEIG also has the power to subpoena testimony and documents from individuals and entities, in order to collect necessary and relevant documents. Investigators also engage in surveillance, especially in cases where there are allegations of misuse of state time. Once the investigator has gathered all the appropriate documents and witness testimony, the OEIG determines whether wrongdoing has occurred.²

Under the law, state employees have a duty to cooperate with OEIG investigators during investigations. They are required to provide requested testimony and relevant documents. Failure of a state official or employee to cooperate in an OEIG investigation will lead to disciplinary action, up to and including termination of state employment.³

After an analysis of the investigation, a determination is made as to whether the allegations of the complaint are founded or unfounded. If at the conclusion of the investigation, the OEIG determines that the allegations are unfounded, the OEIG drafts a final report summarizing the investigation and delivers the report to the Governor with any identifying information about the subject of the investigation redacted. The case is closed and the original complaint, the investigative files, and the final report are kept completely confidential.⁴

If at the conclusion of the investigation, the OEIG determines that the allegations are founded, the OEIG drafts a final report that not only summarizes the investigation, but also outlines the grounds for the finding of wrongdoing. The final report also includes any and all recommendations by the EIG for discipline or administrative action. This final report is delivered to the Agency Director of the Agency in question as well as to the Governor. The Agency Director is required to respond in writing to the EIG as to whether or not the EIG's recommendation will be followed and a confirmation that the recommendation was implemented. If the discipline is followed and implemented, the OEIG closes the case and the original complaint, the investigative files, the final report, and the Agency Director's response are kept completely confidential.⁵

Prosecution Process in front of the Executive Ethics Commission

A complaint appears in front of the Executive Ethics Commission only under certain circumstances. Once the OEIG completes an investigation and determines that wrongdoing has occurred, the EIG makes a recommendation for disciplinary or administrative action to the Agency Director and the Governor. If the Agency Director and the Governor do not follow the recommendation of the EIG and do not implement appropriate action, the EIG has the discretion to file the complaint with the Executive Ethics Commission.⁶

If the EIG decides to exercise her discretion, she may file a complaint, through her representation by the Attorney General, with the Executive Ethics Commission. If the Executive Ethics Commission determines that the complaint is sufficient, the Executive Ethics Commission shall hold a hearing in which all parties will present the relevant testimony

¹ 5 ILCS 430/20-20.

² 5 ILCS 430/20-20(1-3), 20-35.

³ 5 ILCS 430/20-65.

⁴ 5 ILCS 430/20-50(l), 20-95(b), (d).

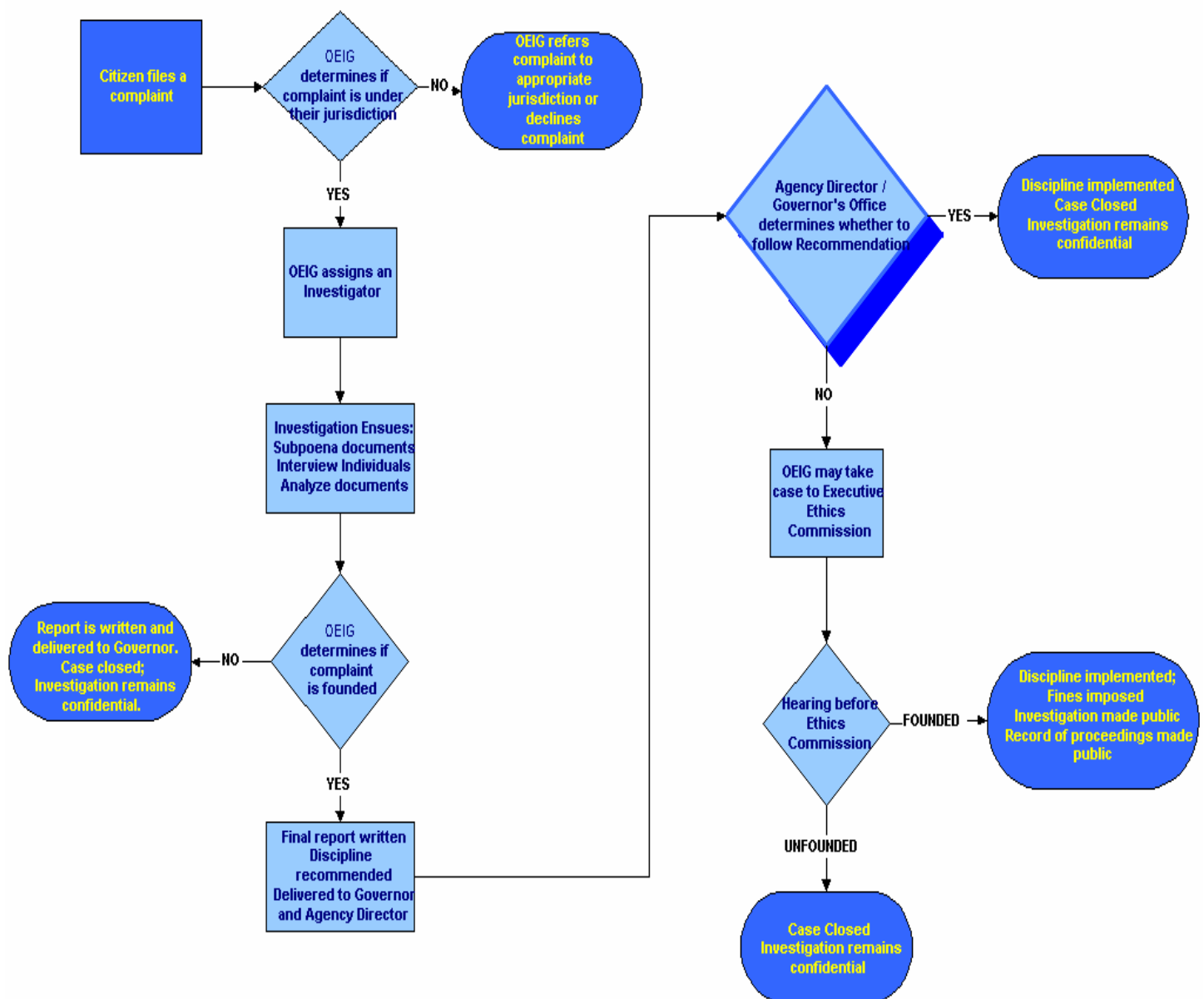
⁵ 5 ILCS 430/20-50(a), (b), 20-95(b), (d).

⁶ 5 ILCS 430/20-45(a-c), 20-50(c).

and evidence. The Executive Ethics Commission will determine whether the allegations in the complaint are founded or unfounded. If they find that the allegations are unfounded, the case is closed and the original complaint, all investigative files, the final report, and records of the proceedings are kept confidential. However, if the Executive Ethics Commission finds that the allegations are founded, they may recommend discipline and impose fines, and all records of the proceedings and the decision of the Executive Ethics Commission are made public.

To date, the EIG has not filed a complaint with the Executive Ethics Commission. Therefore, no cases from the OEIG have come before the Commission.

What Happens to a Complaint?





Year in Review

• Complaints filed with the OEIG

Since the OEIG opened its doors in May of 2003, the office has received approximately 1781 complaints. The OEIG reviews each and every complaint filed with the office. In that review, the OEIG must first determine if the complaint is within the jurisdiction of the office, as well as whether there is adequate information to open an investigation.

Of the 1781 complaints filed with the OEIG, 682 were determined to be outside the jurisdiction of the OEIG and were referred to the appropriate entity, whether to another Executive Inspector General, the Legislative Inspector General, or to another state, local or federal governmental unit. An additional 330 complaints were declined by the OEIG. The OEIG only declines to investigate a complaint for a specific reason. For example, if a complaint is filed anonymously, under state law the OEIG is not allowed to investigate the complaint. Also, the OEIG will not investigate a complaint if another investigatory entity has already commenced an investigation or there is pending legal or administrative action on the complaint, in order to avoid conflict between jurisdictions.

The OEIG has opened investigations on the remaining 769 complaints filed with the OEIG. Of the 769 complaints opened for investigation, 550 have had their investigations completed, 346 of the 550 closed investigations did not require a final report, for investigations determined other reasons to close the case: for example, the investigation was related to another open case, or the allegation had been resolved before the investigation was completed. Of the remaining 204 complaints, the OEIG closed investigations and drafted final reports. Investigations on 119 of those complaints determined that the allegations in the complaint were unfounded and the cases were closed. Investigations on the remaining 85 complaints determined that the allegations were founded and the EIG made recommendations for disciplinary action to the appropriate Agency Director and to the Governor.

To date, the EIG has not filed a complaint with the Executive Ethics Commission. Therefore, no cases have come before the Executive Ethics Commission.

The OEIG currently has open, active investigations on 219 complaints.

<u>Description</u>		<u>Total</u>						
Total Number of Complaints Filed with OEIG		1781						
Number of Complaints Referred to Another Agency		682						
Number of Complaints Declined *Reasons OEIG would decline a complaint include: Anonymous complaint, Complainant withdrew complaint, Duplicate complaints, Investigated by Another Entity, No Violation Apparent, Outside of our jurisdiction, Pending legal or administrative action		330						
Number of Investigations Opened, Investigated and Closed		550						
<table><tr><td>Number of Complaints Closed with Reports</td><td></td></tr><tr><td> Founded</td><td>85</td></tr><tr><td> Unfounded</td><td>119</td></tr></table>			Number of Complaints Closed with Reports		Founded	85	Unfounded	119
Number of Complaints Closed with Reports								
Founded	85							
Unfounded	119							
<table><tr><td>Number of Complaints Closed Without Report</td><td>346</td></tr><tr><td colspan="2">*Reasons Investigations are closed without reports include: Outside of our jurisdiction, Investigated by another agency And accepted their report, No violation apparent, Pending court case, Requested relief granted, Related to another complaint, Allegations are over one year old</td></tr></table>		Number of Complaints Closed Without Report	346	*Reasons Investigations are closed without reports include: Outside of our jurisdiction, Investigated by another agency And accepted their report, No violation apparent, Pending court case, Requested relief granted, Related to another complaint, Allegations are over one year old				
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Number of Total Complaints Currently Open for Investigation		219						

• Types of Allegations ⁷

The complaints submitted to the OEIG allege a wide range of wrongdoing. Most complaints allege more than one type of wrongdoing by an individual or entity. The most prevalent types of allegations can be divided into ten categories:

Fraud. These allegations include double-billing of the state, services provided by unlicensed providers, and similar allegations.

Misconduct. Such as prohibited communications during a procurement process or providing false information during an investigation.

Personnel. These allegations range from an individual providing false information on their employment application to an individual being hired for a position for which they are not qualified.

Harassment. Actions ranging from sexual harassment to work place violence situations.

Mismanagement. Includes misuse of state dollars, poor use of state labor force, and lack of necessary policies or policy enforcement.

Unethical practices. Such as conflict of interest situations or violations of the gift ban.

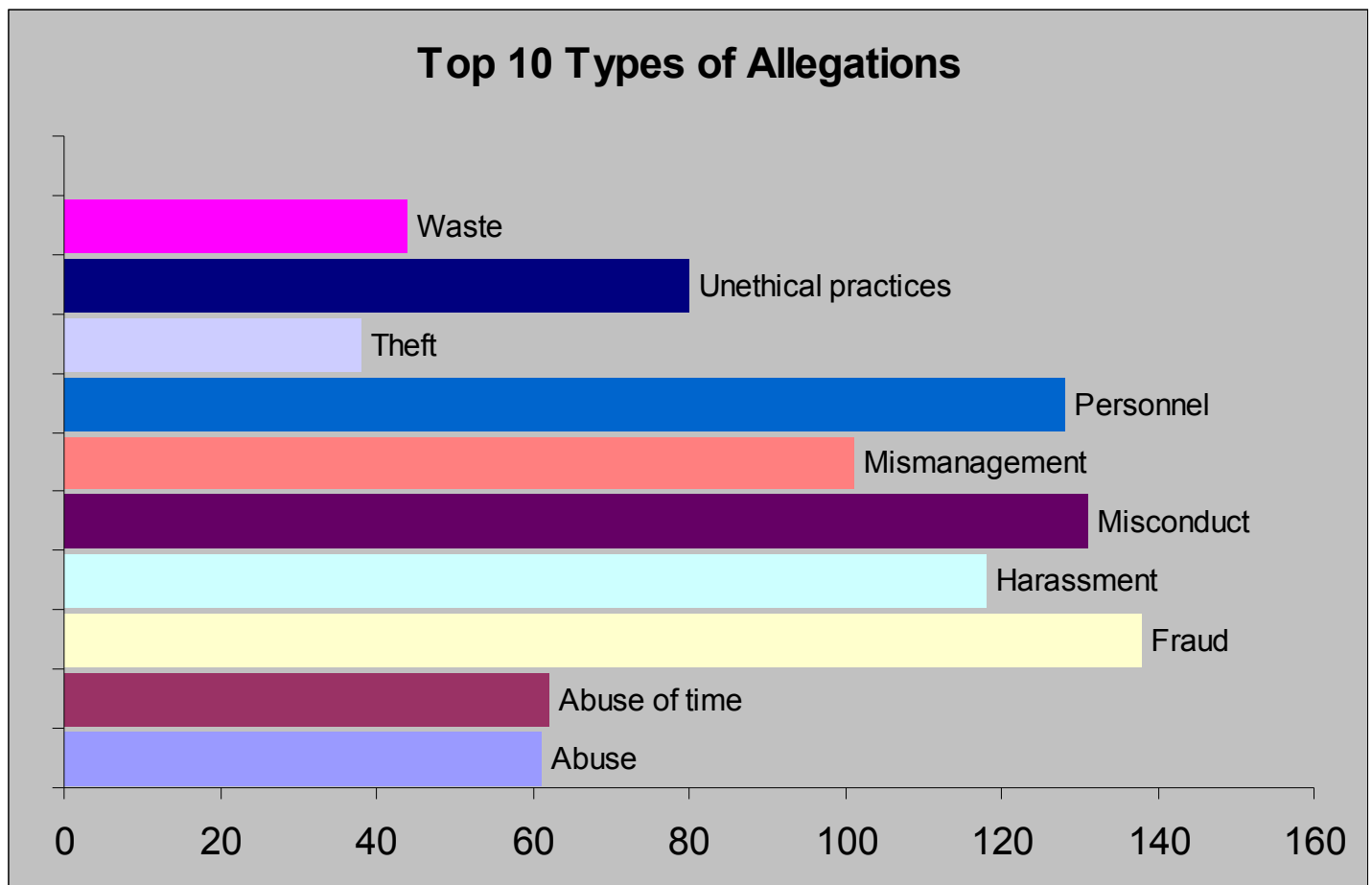
Abuse of time. Allegations of falsified time records and misuse of overtime or comp time.

Abuse. Allegations such as misusing one's position with the state for personal gain.

Waste. Misuse of state resources, such as lack of accountability practices for state property.

Theft. Includes not only theft of state property, but of state dollars, time and resources.

⁷ Under the Ethics Act, the OEIG is not allowed to release any allegations or related documents submitted to the OEIG. 5 ILCS 20-95(b).



Office of Executive Inspector General

- **Types of Recommended Disciplinary Action** ⁸

Of the 85 complaints in which the OEIG determined that the allegations of wrongdoing were founded, the OEIG made 139 recommendations for disciplinary action. These actions can be organized in six broad categories:

Policy changes. For example, a recommendation that the agency create a policy to explicitly prohibit a certain type of activity; or that the agency conduct a certain type of training for their employees to teach them the appropriate behavior.

Discipline. Recommended discipline can range from reprimand, suspension, demotion to discharge.

Reimbursement to the State. In cases of abuse of state time or state resources, a recommendation that the state employee or contractor reimburse the state for the lost funds.

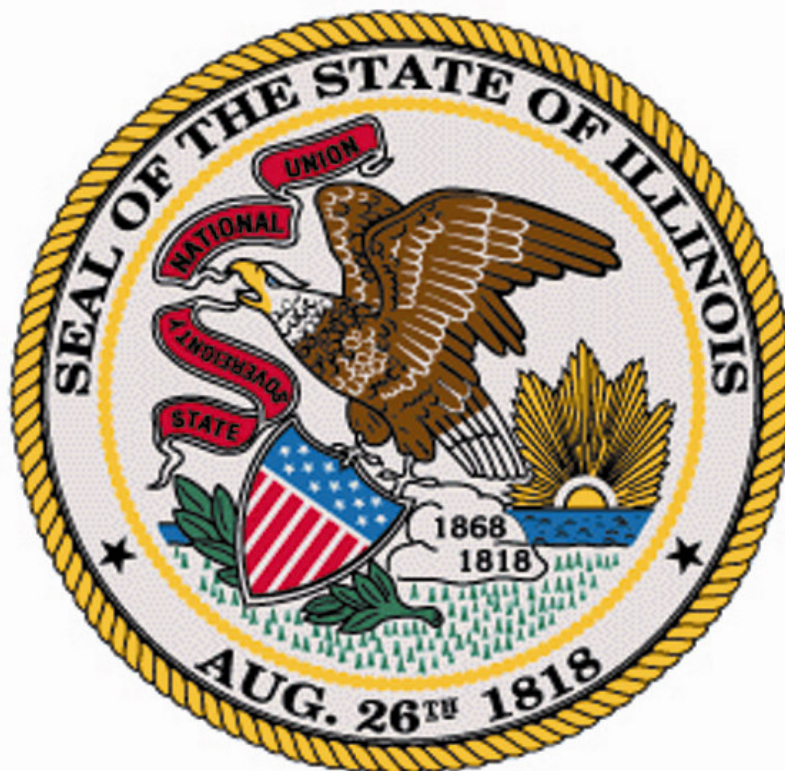
Vendor Suspension. Recommendation that the vendor no longer be allowed to do business with the state.

Referral for Criminal Prosecution. For the most serious cases of wrongdoing, the OEIG will recommend that the agency refer the matter for criminal prosecution.

Resignations During Course of the Investigation. In several cases, during an OEIG investigation of an allegation, the employee subject to the investigation would resign their position of employment with the state.

To date, the EIG has not filed a complaint with the Executive Ethics Commission. Therefore, no cases from the OEIG have come before the Executive Ethics Commission.

⁸Under the Ethics Act, any investigatory reports created by OEIG are confidential and are not allowed to be disclosed except to an appropriate law enforcement authority, the ultimate jurisdictional authority, the Executive Ethics Commission, or to another EIG. 5 ILCS 430/20-95.



Office of Executive Inspector General

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